



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Application of California-American Water Company (U 210 W), to Decrease Revenues for Water Service in its Coronado District by (\$73,100) or (0.46%) in 2008 and Increase Revenues by \$266,200 or 1.67% in 2009 and \$260,900 or 1.61% in 2010	A.07-01-036
Application of California-American Water Company (U 210 W), to Increase Revenues for Water Service in its Larkfield District by \$1,272,000 or 61.91% in 2008, \$134,300 or 3.94% in 2009 and \$129,900 or 3.67% in 2010 Under the Current Rate Design or Decrease Revenues by (\$742,200) or (36.12%) in 2008 and Increase Revenues by \$50,000 or 3.72% in 2009 and \$63,500 or 4.55% in 2010 Under the Proposed Rate Design	A.07-01-037
Application of California-American Water Company (U 210 W), to Increase Revenues for Water Service in its Sacramento District by \$8,966,900 or 33.89% in 2008, \$1,905,700 or 5.36% in 2009, and \$1,860,700 or 4.97% in 2010 Under the Current Rate Design or by \$10,981,000 or 41.50% in 2008, \$1,925,900 or 5.11% in 2009 and \$1,845,600 or 4.66% in 2010 Under the Proposed Rate Design	A.07-01-038
Application of California-American Water Company (U 210 W), to Increase Revenues for Water Service in its Village District by \$1,537,300 or 7.43% in 2008, \$243,400 or 1.08% in 2009, and \$232,900 or 1.02% in 2010	A.07-01-039

**MOTION OF THE DIVISION OF RATEPAYER ADVOCATES TO MOVE
CONSIDERATION OF CONSERVATION RATE DESIGN AND A WATER
RATE ADJUSTMENT MECHANISM INTO
PHASE 2 OF THIS PROCEEDING**

I. INTRODUCTION

Pursuant to Rule 11.1 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") files this motion requesting that the Administrative Law Judge ("ALJ") or Assigned Commissioner move consideration of Conservation Rate Design and a Water Rate Adjustment Mechanism ("WRAM") into Phase 2 of this proceeding. DRA has conferred with representatives for Cal-Am and the Mark West Community Services Committee about its Phase 2 proposal and both parties support DRA's proposal.

II. BACKGROUND

On January 22, 2007, California-America Water Company ("Cal-Am") filed applications requesting authority to increase its rates charged for water service in its Coronado, Larkfield, Sacramento and Village districts.¹

Cal-Am's applications contained several conservation requests including: "the implementation of a conservation rate design that will reduce the monthly service charge and shift more of the recovery of fixed costs to the volumetric charge."²

DRA currently is scheduled to submit its testimony on May 4, 2007. While DRA expects to file a majority of its testimony on that date, it appears it will be difficult — if not impossible — for DRA to submit testimony on the conservation rate design issue due to extremely limited staff resources. Therefore, DRA respectfully requests that consideration of the conservation rate design issue be moved into Phase 2 of this proceeding.

¹ Applications ("A.") 07-01-036 (Coronado), A.07-01-037 (Larkfield), A.07-01-038 (Sacramento), and A.07-01-039 (Village).

² A.07-01-036, p. 7; A.07-01-037, p. 8; A.07-01-038, p. 8; and A.07-01-039, p. 7.

III. DRA REQUESTS THAT THE ALJ OR ASSIGNED COMMISSIONER MOVE CONSIDERATION OF CONSERVATION RATE DESIGN AND A WATER RATE ADJUSTMENT MECHANISM INTO PHASE 2 OF THIS PROCEEDING

A. Addressing the Conservation Rate Design Issue in Phase 2 Would Allow Coordination with Ongoing Proceedings that Impact Conservation Policy

Moving consideration of the conservation rate design and WRAM into Phase 2 would provide the opportunity to coordinate with ongoing proceedings that affect conservation policy.

Delaying consideration of the conservation rate design issue until Phase 2 would allow this proceeding to be fully coordinated with the results of the Investigation (“I”) 07-01-022, the Order Instituting Consideration (“Conservation OII”) that is considering policies to achieve the Commission’s conservation objectives for Class A water utilities.³ Phase 1 of the Conservation OII is considering rate-related conservation measures in general as well as three different settlements between DRA and water utilities in conservation rate design applications consolidated into the Conservation OII.

It would be inefficient to adjudicate a conservation rate design in this General Rate Case (“GRC”) that does not in conform with the policy established in the Conservation OII. In fact, the Scoping Memo for the Conservation OII indicates that the conservation rate design issues in this GRC should be coordinated with those in the Conservation OII.⁴ Moving consideration of conservation rate design into Phase 2 of this proceeding would allow for efficient coordination with the policies established by the Conservation OII.

Additionally, delaying consideration of conservation rate design until Phase 2 of this proceeding would facilitate the use of the rate design settlement from the Cal-Am Los Angeles GRC, A.06-01-005 (“LA GRC”) in this case. Although differences exist

³ See generally I.07-01-022.

⁴ “I will ensure that conservation rate design issues in the GRC proceedings, A.07-01-036 through A.07-01-039, are coordinated with this investigation.” See I.07-01-022, “Assigned Commissioner’s Ruling and Scoping Memo”, p. 7.

between the service areas in this proceeding and those in the LA GRC, it is likely that the rate design in this proceeding will closely mimic the settlement for conservation rate design in the LA GRC. However, DRA and Cal-Am cannot finalize the settlement until the ALJ issues a decision for Phase 1 of the LA GRC. Delaying consideration of the conservation rate design issues until Phase 2 of this proceeding will allow parties to fully utilize the settlement in the LA GRC.

B. DRA Staff Resources with Expertise in Conservation Rate Design and WRAM is Limited at this Time

As indicated at the March 23, 2007 Prehearing Conference by DRA's analyst on the matter, DRA's staff resources with expertise in conservation rate design and WRAM are stretched extremely thin at this time due multiple ongoing proceedings including three separate settlements within the Conservation OII, the new Rate Case Plan Rulemaking, as well as other ongoing proceedings.⁵ The DRA analyst proficient in conservation rate design and WRAM is facing several upcoming deadlines for submission of comments and testimony as well as preparation for multiple other commitments that conflict directly with this proceeding.⁶

IV. CONCLUSION

For the reasons stated above, DRA respectfully respects that the ALJ or Assigned Commissioner move consideration of Rate Design and a WRAM into Phase 2 of this proceeding. Given the apparent lack of opposition to DRA's request, DRA requests that pursuant to Rule 11(g), the ALJ or Assigned Commissioner rule on this request before responses or replies to this motion are due.

⁵ Prehearing Conference Transcript – p. 13:12-14:22.

⁶ All settlements within the Conservation OII are due on 04/23/07. Opening comments for the new Rate Case Plan Rulemaking (R.06-12-016) are due on 04/18/07, with reply comments due on 04/23/07.

Respectfully submitted,

/s/ MARCELO POIRIER

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April 13, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document
**“MOTION OF THE DIVISION OF RATEPAYER ADVOCATES TO MOVE
CONSIDERATION OF CONSERVATION RATE DESIGN AND A WATER
RATE ADJUSTMENT MECHANISM INTO PHASE 2 OF THIS PROCEEDING”**
in **A.07-01-036, A.07-01-037, A.07-01-038, and A.07-01-039.**

A copy was served as follows:

☒ **BY E-MAIL:** I sent a true copy via e-mail to all known parties of record who have provided e-mail addresses.

☐ **BY MAIL:** I sent a true copy via first-class mail to all known parties of record.

Executed in San Francisco, California, on the 13th day of April, 2007.

/s/ ALBERT HILL

Albert Hill

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